

EXHIBIT F

FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



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Executive Director

BY ELECTRONIC MAIL

September 21, 2020

Omar J. Marrero Díaz
Executive Director
Puerto Rico Fiscal Agency and
Financial Advisory Authority

Dear Mr. Marrero Díaz:

I am responding to your email of September 12, 2020 regarding Acts 80-2020, 81-2020, and 82-2020 (the “Acts”) and to follow up on the information requested in our letter dated August 28, 2020.

We continue to have significant concerns about these Acts, as our analysis to date shows they are significantly inconsistent with the Commonwealth’s Fiscal Plan, as each creates enormous costs for the Commonwealth. Nevertheless, we will continue to engage with you and analyze the Acts and the information you have provided.

With respect to the attachments you submitted on September 12, 2020 regarding Acts 81 and 82, certain columns remain password protected. We requested the additional password on September 17, 2020, but have not yet received a response. Please provide the password.

As set forth in the chart below, we also have a number of outstanding requests and unanswered questions concerning the Acts. We are concerned that these requests remain outstanding.

We had sought a rapid resolution to our outstanding questions because of the significance of these Acts and our belief – based on your stated compliance with Executive Order 2019-057 and PROMESA section 204(a) – that you had these materials prepared and at hand. Based on your responses to date, it appears that these documents and materials were never readily available to Commonwealth decision-makers when evaluating the merits of pending legislation, and we have doubts that the necessary principals reviewed these critical analyses prior to passing and enacting measures that fundamentally alter the financial future of the Commonwealth. We are particularly concerned because, although you have stated the Commonwealth is not implementing these laws

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at this time, these laws may have nonetheless established unrealistic expectations among eligible public employees regarding the timing of their retirement and benefit levels.

Below we have updated the status of each request from our letter dated August 28, 2020 pursuant to PROMESA section 104(c):

Act 80-2020

| August 28 th Oversight Board Request | Status |
|--|--|
| a) Headcount of eligible participants for each applicable agency, organized by whether Act 1 or Act 447 governs; | Please clarify the census date of data provided in Exhibit 1. Please see Appendix A below for additional follow up detail related to Law 1 coverage. |
| b) Headcount of expected number of participants to take the retirement window for each applicable agency, including the number of employees expected to be deemed “essential” such that they receive the enhanced benefits but do not accelerate their retirement date; | The Government has not provided this analysis. Instead, the Government has indicated that this analysis was not performed due to the Board’s direction not to implement Act 80. This analysis, however, should have been performed to assess the financial impact prior to passing the law. |
| c) Text of the Act provided to Integrum on which they performed the estimates included in the Governor’s certification; | No additional questions at this time. |
| d) For each applicable agency, a listing of eligible participants, including gender, date of birth, current service, current salary, accrued benefits under Act 1 or Act 447, and balance of Act 3 contributions in their Act 3 hybrid account (for both the data provided to Integrum for their analysis as well as any update as of July 1, 2020); | Exhibit 1 as provided lacks the accrued benefits under Act 1 and Act 447, and the balance of Act 3 contributions in Act 3 hybrid accounts. Please either: 1. Provide this data with missing fields 2. If information is hidden in workbook, the additional password needed to unlock this information. For benefit data, please include the benefit before and after Social Security Normal Retirement Age for those electing the Coordinated benefit. |

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| | Note the data provided to Integrum for the analysis relied on in the 204 certifications has not been provided. |
| e) Social Security numbers or any alternative mapping to item (d) above that allows data to be mapped to the latest Milliman data (from July 1, 2016) provided to the Oversight Board. | <p>Social Security numbers were provided; however, unique identifying information needs to be consistent between data sources.</p> <p>The latest data provided by Milliman as of 7/1/2016 did not have Social Security numbers to allow comparisons to data provided in Exhibit 1.</p> <p>Please provide valuation ready census data from the system actuary (Milliman) with Social Security numbers as of the most recently available date.</p> |

Act 81-2020

| August 28 th Oversight Board Request | Status |
|--|---|
| a) For each applicable agency, the headcount of eligible participants, including job classifications eligible for participation; | Please clarify the census date of data provided for each agency. |
| b) Pay scale for eligible employees (such as police officers, firefighters, correctional officers, EMS, etc.); | No additional questions at this time. |
| c) Text of the Act provided to Integrum on which they performed the estimates included in the Governor's certification; | No additional questions at this time. |
| d) Because the Act 81-2020 Certification indicates that costs will be offset by reductions in rookie salaries and headcount reduction, please indicate the amount by which rookie salaries will be reduced to demonstrate offsetting costs | We understand that no such analysis was performed. Otherwise, no additional questions at this time. |

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| | |
|---|--|
| on an individual level as well as the amount by which police headcount will be reduced to offset costs; | |
| e) Listing of individuals currently active and eligible to potentially receive Act 81-2020 benefits in the future, including each potential participant's gender, date of birth, current service, current salary, frozen benefits from Act 1 or Act 447, and balance of Act 3 contributions in their Act 3 hybrid account (for both the data provided to Integrum for their analysis as well as any update as of July 1, 2020); | For benefit data, please include the benefit before and after Social Security Normal Retirement Age for those electing the Coordinated benefit. |
| f) Analysis performed to confirm that the additional benefits would not put police participation in Social Security at risk; and | We understand that no such analysis was performed. Otherwise, no additional questions at this time. |
| g) Social Security numbers or any alternative unique identifier to item (f) above that allows data to be mapped to the latest Milliman data (from July 1, 2016) provided to the Oversight Board. | <p>Social Security numbers were provided; however, unique identifying information needs to be consistent between data sources.</p> <p>The latest data provided by Milliman as of 7/1/2016 did not have Social Security numbers to allow comparisons to data provided in Exhibits 3, 4, 5 and 7. Preliminary comparisons of data without aligned unique identifiers suggests potential differences in benefit amounts tracked in different sources. Differences in accrued, frozen benefit amounts may significantly impact costs and therefore it is important that we be able to reconcile this data.</p> <p>Please provide valuation ready census data from the system actuary (Milliman) with Social Security numbers as of the most recently available date.</p> |

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Act 82-2020

| August 28 th Oversight Board Request | Status |
|--|---|
| a) Current sick leave balances for all teachers who would be potentially eligible for benefits contemplated by the Act; | <p>Please provide an explanation of what information is contained in column T of the 'SolicitudRetiroList' tab of Exhibit 8. Please clarify if this column is measured in days / hours / etc.</p> <p>Please provide a listing of all active teachers including their current sick leave balance.</p> |
| b) Formula by which new leave will be credited from sick balances (e.g., one month credit for every fifteen days of sick leave); | <p>Please provide clarification as to how sick leave is to be used to determine how much pension service is credited. In particular, please provide an example of how 20 days equals 11 months credit, per the e-mail response on September 12.</p> <p>Please also comment on what the maximum allowable sick leave balance is that a participant can have, if any.</p> |
| c) Assumed rates of retirement under new Act, and description of how these assumptions differ from previous assumptions; and | No additional questions at this time. |
| d) Social Security numbers or any alternative unique identifier that allows sick leave balance to be mapped to the latest Milliman data (from July 1, 2016) provided to the Oversight Board. | <p>To be clear, the latest data provided by Milliman as of 7/1/2016 did not have unique identifiers to allow comparisons to data that will be provided for item a.</p> <p>Please provide a mapping from the Record ID numbers in the Milliman 7/1/2016 data to the Social Security numbers in the system data.</p> |

Please provide this information no later than 5:00 pm AST on Friday, September 25, 2020, as all of it should have been compiled and analyzed before the Acts were enacted. In addition, we reiterate our direction that these Acts must not be implemented at this time, and we request that you inform the public generally that the Government is not currently implementing these laws.

Should you plan to implement these Acts or accept applications prior to our determinations that the Acts do not impair or defeat the purposes of PROMESA, or otherwise violate PROMESA, the Oversight Board further reserves the right to take such actions as it deems necessary, consistent

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with PROMESA sections 108(a), 204, and 207, including seeking remedies to prevent the implementation and enforcement of the Acts and for any wrongful implementation of them.

We look forward to continuing to work together for the benefit of the people of Puerto Rico.

Sincerely,



Natalie A. Jaresko

CC: Hon. Wanda Vázquez Garced
Hon. Thomas Rivera Schatz
Hon. Carlos J. Méndez Núñez

APPENDIX A

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Below are corporations we do not note any eligible Act 1 Participants provided in your data. Our understanding is that Law 1 participants in public corporations are included. Please verify whether the entities should be included.

| Agency | Code |
|--|-------------|
| ADMINISTRACION SERVICIOS MEDICOS | 115 |
| COMISION SEGURIDAD EN EL TRANSITO | 123 |
| CORPORACION FONDO DEL SEGURO DEL ESTADO | 163 |
| AUTORIDAD DE DESPERDICIOS SOLIDOS | 210 |
| SERVICIO DE EXTENSION AGRICOLA | 236 |
| INSTITUTO DE CIENCIAS FORENSES DE P. R. | 243 |
| METROPISTAS | 506 |
| AUT. ASESORIA FINAN. Y AGENCIA FISCAL PR | 510 |
| AUT. FINANCIAMIENTO VIVIENDA (AFV) | 511 |

The following entity was listed in the Integrum analysis as included but no Act 1 participants were provided in your data. Please verify whether the entity should be included.

| Agency | Code |
|----------------------------|-------------|
| CUERPO EMERGENCIAS MEDICAS | 423 |

The following entities had Act 1 participants in your data but are neither in the Integrum analysis nor are public corporations / municipalities. Please verify whether the entities should be included.

| Agency | Code |
|--|-------------|
| ADM. SISTEMA DE RETIRO DEL ELA | 140 |
| COMISION INDUSTRIAL DE PUERTO RICO | 247 |
| JUNTA LIBERTAD BAJO PALABRA | 252 |
| OFIC. PROC.DE LAS PERSONAS EDAD AVANZADA | 260 |
| OFICINA PRESERVACION HISTORICA | 262 |
| OFICINA SERVICIOS LEGISLATIVOS | 264 |
| SUPERINTENDENCIA DEL CAPITOLIO | 265 |
| ADMINISTRACION VIVIENDA PUBLICA | 266 |
| OFICINA PROCURADOR DEL VETERANO | 268 |